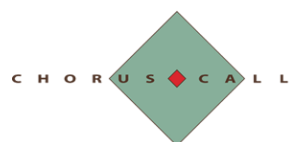




“Prestige Estates Projects Limited
Q2 FY26 Earnings Conference Call’

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MANAGEMENT: **MR. IRFAN RAZACK – CHAIRMAN AND MANAGING
DIRECTOR – PRESTIGE ESTATES PROJECTS LIMITED
MR. AMIT MOR – CHIEF FINANCIAL OFFICER –
PRESTIGE ESTATES PROJECTS LIMITED
MR. ZAYD NOAMAN – EXECUTIVE DIRECTOR –
PRESTIGE ESTATES PROJECTS LIMITED**

MODERATOR: **MR. PRITESH SHETH – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Prestige Estates Q2 FY26 Earnings Conference Call, hosted by Axis Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pritesh Sheth from Axis Capital. Thank you, and over to you, sir.

Pritesh Sheth: Thank you, Muskan. Good afternoon, everyone. On behalf of Axis Capital, I welcome the management and participants to the call. From the management of Prestige Estates, we have Mr. Irfan Razack, Chairman and Managing Director; Mr. Zayd Noaman, Executive Director; and Mr. Amit Mor, the Chief Financial Officer.

I'll now hand over the call to the management for their initial remarks, and then we can open the floor for question and answer. Over to you.

Management: Hi, everybody. Actually, I'll ask Zayd to give his opening remarks. After that, we'll take Q&A.

Zayd Noaman: Good afternoon, everyone, and thank you for joining us today. FY26 has begun on a very strong note for us. Building on the momentum of the last 2 years, we have delivered yet another strong performance this quarter, both operationally and financially. Riding on the sustained demand across our key markets and a healthy pipeline of launches, we achieved a record-breaking sales of INR18,143 crores in the first half of this financial year. That's a 157% year-on-year growth, surpassing our entire FY25 full-year sales in just 6 months.

In Q2 alone, we clocked sales of INR6,017 crores, up 50% year-on-year, with 4.42 million square feet sold across 2,069 units. Average realizations continue to strengthen with apartment prices rising 8% year-on-year to nearly INR15,000 per square foot and plot realizations increasing 43% to INR9,500 per square foot.

Collections also remained very healthy at INR4,213 crores in Q2, marking a 54% increase year-on-year, taking our half yearly collections to INR8,735 crores, a 55% growth compared to last year. Our performance continues to reflect a balanced geographic mix, with Bangalore, NCR and Mumbai leading the way, together accounting for over 80% of sales this quarter. It's also worth noting that our NCR portfolio contributed a significant 45% of the half yearly sales, reaffirming our success in scaling up outside our home markets.

On the development front, we launched 3.87 million square feet in Q2 with a GDV of nearly INR4,000 crores, taking our half yearly launch to 18.81 million square feet with a GDV of INR17,500 crores. Some of the key launches included Mayflower at the Prestige City Indirapuram, that NCR, plotted developments such as Autumn Leaves, Greenbrook and Crystal Lawns in Bangalore.

We also achieved completions of almost 8 million square feet in the first half, including large-format residential projects like as Aspen Greens and Avalon Park at the Prestige City Bangalore. This quarter also was a very special one for us as we crossed the milestone of 200 million square

feet of completed development since inception. This is a very proud moment that reflects the scale, the consistency and the legacy of our growth journey.

On the business development side, we continue to build a strong pipeline for our future growth. During the quarter, we added five new residential projects, translating to a GDV of about INR12,600 crores. This takes our total business development for the half year to around INR33,000 crores across Bangalore, Hyderabad, Mumbai and Chennai, reinforcing the momentum of our expansion across our key micro markets.

We also entered into a leasehold agreement with BIAL, that's the Bangalore International Airport, for 14.2 acres of prime land for development of world-class convention center with a luxury hotel, along with retail and office space near the airport. Turning our financial performance -- turning to our financial performance, in Q2, our revenue stood at INR2,698 crores, up 11% year-on-year.

EBITDA grew 57% to INR1,176 crores with margins expanding to 43.6%. PAT nearly doubled, growing 95% year-on-year to INR458 crores with margins at around 17%. For the first half of the year, revenue was INR5,166 crores, up 16%, and EBITDA rose 31% to INR2,231 crores. PAT for the first half came in at INR769 crores, up 42% year-on-year. Across our annuity portfolio, performance was steady.

In offices, we saw gross leasing at 2.3 million square feet during Q2 with portfolio occupancy at 93%. FY '26 exit rent is projected at INR820 crores. In retail, our malls recorded a 10% increase in GPO, touching INR623 crores, with footfalls of 4.8 million during the quarter and occupancy at a high 99%. Exit rentals for FY '26 are expected at around INR275 crores.

Overall, it's been a period of strong growth, geographic diversification and operational discipline. We continue to focus on executing well across our existing projects while preparing for a robust pipeline in the coming quarters. With this, I open the floor to your questions and suggestions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Akash Gupta from Nomura.

Akash Gupta: Congrats on excellent performance. My first question, is that is there any update on the Prestige Hospitality IPO? What's the status there?

Management: It's work in progress, Akash. We are working with the bankers, and we are trying to see that the book is fully done. And hopefully, it should happen soon.

Akash Gupta: Okay. And my second question is on your presales guidance. We have already achieved 70% of our guidance in the first half. And if I understand, your sustenance sales are already running at INR30 billion to INR35 billion per quarter. So just on sustenance sales, we'll achieve the guidance for this year. So is there any upside risk to the guidance? Like how are you thinking about FY '26 presales?

Management:

Yes. I mean we'll take it as it comes. We only answered it that my first tenant sales will give me another INR6,500 crores for the next 2 quarters. So you've done the math. And then if you have some few launches which we are planning, it will obviously pick up the whole thing. Let's see how it goes. I don't want to either decrease or increase any guidance, which I've given you earlier.

Akash Gupta:

Okay. And sir, like we have GDV of new launches in our PPT that we have disclosed that it's roughly at INR273 billion. Like how much of these launches are we planning in the second half? Are we planning this entire launch pipeline in the second half? Or we are planning some percentage of this or like what are key launches in the third quarter or fourth quarter?

Management:

This is a function of getting the approvals and getting the RERA. Like I believe that 4 projects can get launched this quarter itself, which is the Marigold Phase 2, and then we've got Prestige City Fernvale as well as the Eaton Park, both in Prestige City Sarjapur. And then we have got in Raintree Park, the Evergreen component. So it will be Evergreen at Prestige Raintree Park. That's also a fairly large GDV.

So these tree residential high rise. And Marigold, of course, is a plotted development. I think this 3 plus 1, 4 should be able to get launched in this quarter itself. There could be a slip, in case there's any delay in approval. But all things are pointing out that we should be able to pull this off.

And then we do have in Hyderabad, we have the Golden Grove in Tellapur, which is a fairly large development. It is about 9 million square feet. But then that's a function of approval. If it doesn't happen this quarter, it will certainly happen the following. And then we have also the Banjara Hills property. Finally, I think we'll get the approval around in a couple of days. And if I'm able to get RERA, maybe we can launch that itself. That is called Prestige Rock Cliff. But we spruce up that whole place and get our team, it's all work in progress.

Akash Gupta:

Got it. And my final question, sir, is on the BKC and Mahalakshmi assets. Any update on the leasing demand or how is that panning out?

Management:

The leasing demand is actually very encouraging. In BKC, we have pre-leased over 1.6 million square feet. And so also in Mahalakshmi, there's quite a good demand. Now I have asked my team to go slow and not to commit any more because let the assets get ready. Otherwise, it will be a whole lot of pressure.

Of course, we like the pressure. I think BKC should be ready for customers, to the occupiers to start fit-out in the calendar year '27. '26, the project should get ready. And in '27 calendar year, we should be able to give it for fit-outs. And similarly, for the Mahalakshmi, we should be able to get the project up and running in the calendar year in '28 or '29 beginning because that's a high rise, whereas BKC is not high rise, it's only 19 floors. And we are out of the ground fully, and I think work is going at a graceful pace.

Moderator:

The next question is from the line of Saurabh from JM Financial.

Saurabh:

Congrats on a very good set of numbers. I just wanted to check a couple of things. Firstly, on the lease agreement that you have done with the Bangalore Authority, if you can share more

details in terms of specifications for the development potential there, that would be helpful. And secondly, the Bangalore -- the lease agreement with Bangalore that we have done during the quarter?

Management: It's a mixed development, Saurabh. You have any other question or you are finished?

Saurabh: Yes. Secondly, again, on the Hyderabad auction land, while you have outlined the residential portion in that project, how should one think about the development potential for retail and office?

Management: Yes. Now the first on buyer, that's going to be a mixed use. We've done that in a hospitality vertical because that will be more of hospitality, convention and performance, art and culture. So it's going to have a contiguous hotel. It's going to have a Marriott marquis, a big, huge convention center as well as support retail in terms of food and beverage and a bit of luxury retail. And leftover FSI will obviously be office.

So that's how the overall master planning is in progress. We've got foreign architect called SOM that is doing the design. So once the designs are ready, we'll be submitting for approval. Then the -- you talked about Hyderabad, which we just recently purchased. Hyderabad, I think the development potential there is about 3 million-plus square feet.

Out of that, 1 million will be residential -- one-third of it will be residential, that is the entire of the total development. And the balance 2 million will be office. Of course, again, the same thing, we'll have some support retail in terms of food, beverage and some support retail will be the part of the whole thing. And there will be some other stuff like city club and other things. So that's also under -- work under progress for design. We've got OMA as the architect, and we are pushing them hard to get us the design.

Saurabh: Sure. And just last one more bit. Of the 24 million square feet ongoing commercial project that we have, although we have done quite a good progress on leasing, just wanted to check, how much of this 24 million square feet is pre-leased so far?

Management: So it's all work in progress. I think finally, by the time the product gets ready, we will be leased out. In fact, we are not leasing out everything in one go because then it will be quite a lot. So see, we are on the job, and I believe that there is a good traction, good demand. And once the product is ready, it will be leased.

Moderator: The next question is from the line of Parvez from Nuvama Group.

Parvez: Congratulations for a great set of numbers. A couple of questions from my side. First, I mean, you mentioned about the 4 project launches that we expect to happen in Q3. Would be great to hear your views on some of the project launches that we're targeting for Q4. And also, what is the status of approvals on those products?

Management: So Parvez, I just mentioned that we are going to launch the Prestige Raintree Park Evergreen component and Prestige Fernvale as well as Eaton Park both in the Prestige City and Prestige Marigold plotted development. All of these will happen in this quarter. And the following quarter

will be the Golden Grove. And we'll also have the Rock Cliff in Hyderabad. So this is a work in progress. This is how it will pan out. If 1 or 2 other approvals do come, we'll also put that in.

Parvez: Sure. Secondly, our business development has been very strong in H1. I think we have already added projects with a GDV of about INR33,000-odd crores. So what kind of -- I mean what's our philosophy in terms of quantum of BD you want to target? Is that -- is there a fixed number that we want to achieve for FY '26, '27? Just want to get your views on that?

Management: See, we want to definitely build up a robust pipeline. At the same time, we are not going to picking up something which doesn't make business sense. It has to be viable, it has to appeal to the market as well as it should also protect the bottom line of the company. You've seen our bottom line now of late.

So we are very conscious that while we are doing what we are doing, it should also benefit the company. We are not looking -- not only looking at cash flows or top line, we are looking at the bottom line, too. And I think, to that extent, whatever BD that is done, we shall protect not only our landowner's or joint developers' interest, but we will also protect the company's interest. And yes, whenever a good opportunity does come, we will always explore it.

Parvez: And lastly, your views on Jijamata project, and what's the status there? And when can we see maybe some first....

Management: That's nice. Actually, Jijamata is work in progress. See now, all these days, we were saying work in progress to clean up the land. Now fortunately, the land is totally clean. Now my first focus is to build EWS that we have to build almost 4,041 homes. And those will be the first focus. But however, once that -- while that is going on, we have engaged SOM as architects for this.

They have come up with several iterations. We've gone through many, many iterations on the overall business plan. And we -- I think within maximum a month or so, we would have closed out the entire planning. And after that, it's just which process that happens, getting in the plans approved and everything else. I think even there, we should be able to go to market in about 3 to 4 quarters.

Moderator: The next question is from the line of Puneet Gulati from HSBC.

Puneet Gulati: Congratulations on great performance. On the leasing side in Mumbai, can you talk about what kind of rentals are you seeing currently for the area that you've leased?

Management: It's all upwards of INR400, Puneet.

Puneet Gulati: Okay. Secondly, on the construction side, the spend has gone down a bit on a quarter-to-quarter basis. How should one think about the second half of the spend?

Management: No, it's all work in progress. Sometimes you have a slightly -- the graph goes up, sometimes it is -- the things stabilize. But I think it's a steady spend that will happen.

- Zayd Noaman:** Just to add, Puneet, in the first half, during the March quarter, most of the contractors, they raised their bills, which gets paid off in the Q1. After that, it tapers down. So for the entire year, we are estimating close to INR7,500 crores to INR8,000 crores on the residential business.
- Puneet Gulati:** Understood. That's very helpful. On the price growth side, are you still seeing price growth in the market? Or do you see price growth slowing down a bit and the focus will be more to sell volumes than value?
- Management:** No, no, there is value, of course. But the thing is that price can't go on infinitely higher. We've reached certain peaks. And I believe while my whole endeavour will be to make sure that the price doesn't go up more than this because then it's counterproductive.
- As long as the company's bottom line is properly protected, I wouldn't want the price to go up because then we are only shooting ourselves in the feet. The thing is the demand will just drop and affordability basically drops, and we can't afford that.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** Congratulations on a good quarter and half year. So my first question, I need some data points. So out of the total INR17,500 crores of new launches in first half, so what was the contribution to the presales?
- Management:** See, the thing is while Amit gets the numbers, what happens is we are very low on the old inventory. So whatever we've launched only is what has given us the numbers. So it is basically all new launches only that has brought us the numbers.
- Amit Mor:** Around INR11,000 crores.
- Parikshit Kandpal:** Around INR11,000 crores. So sustenance is running. On average, it is about INR3,500 crores, INR4,000 crores. I think Irfan earlier told that INR6,500 crores is what you're looking at in H2 without any major new launches. So is my understanding correct, like INR6,500 crores is what I think Irfan told earlier?
- Management:** That's where the inventory is. Whether I do a launch or not, that's what Inventory is. So all the launches will be multiplier, which will be the plus, plus.
- Parikshit Kandpal:** So I think, sir, the launches which you highlighted, I think GDV, I calculated, is around 10,000. So if we sell, whatever percentage of that, that adds to that guidance of INR25,000 crores, which takes you to a number of INR30,000 crores plus on presales. Is it the right assumption?
- Management:** I'm not giving any guidance on that.
- Parikshit Kandpal:** Okay. Sir, the question is not that. The main question is that this year, we had sales of INR8,300 crores coming in from NCR, which is largely our Indirapuram project. So this doesn't seem to be -- I mean, you don't have any major land banks for the next year to make up for this big boost we got this year.

So how are you thinking on the business development side, especially on NCR, given that Noida has given such phenomenal numbers and we don't have any major land bank beyond the two projects? So do you think that over the course of next 12 months, we can add up new projects, new land bank there and maybe supplement this sales which we had seen in this year?

Management:

No, no. See, it is work in progress. There are too many offers coming from all over the place. So I can't tell you on the call what are the things that are happening. But if we do close up, we have some very, very hot prospects, and those are closed out -- because basically, we are looking at not at deals, but we are also looking at what makes financial sense. I can't tie up property at optimistic levels and then market changes, we are caught in the wrong side.

So I think -- but there is a huge -- I mean, huge opportunities that are there. And I believe NCR also, Noida, Gurgaon, all these are presenting us with many opportunities. And I'm very, very sure in the next two quarters, there will be a lot more things that will be tied up, and that will come in for the next financial year.

Parikshit Kandpal:

Sure. Just last question is the same thing for MMR. So MMR has given -- I mean, I think the bold decision which you took during COVID and with the major expansion in Mumbai, which helped us a lot. Now on the revenue side, we have significantly run down our inventory, except Jijamata. So all the projects have done relatively better than the market.

So now on the business development side, how does one look at MMR beyond Jijamata Nagar project? What are the other projects or any other -- I mean, what are the -- directionally how the business development one should look at here to supplement the sales we have seen in the last two, three years for Mumbai region?

Management:

Yes, Mumbai region, it has to be work in progress, and I'm very happy to say that we are almost on the verge of closing up something big in Thane. And then we are looking at other new Mumbai also, Navi Mumbai. And obviously, we've got, within town itself, many opportunities. But those are high-priced properties. But this will not give me volumes. They'll give me huge value. But then it is there. The opportunities are there.

Parikshit Kandpal:

And last -- and the data centers, with the announcement which we have done with the Maharashtra government, what exactly are we trying to do? Are we going to build data centers, invest in data centers? So what exactly will be the business model here?

Management:

See, we -- our thing is land is now available. We've got the expertise to build the data center. And we would like to partner with someone who will be able to run the data center also. It's a great business. We are looking at it very seriously, and I believe it's a big opportunity that we are sitting on.

Parikshit Kandpal:

So this will be on a capex model?

Management:

It will be capex only. Ultimately, we see now today, whatever we are doing, whether on retail malls, on office or data centers; it will be more on capex and then taking it to a REIT in terms of exit.

- Moderator:** The next question is from the line of Biplab Debbarma from Antique Stock Broking.
- Biplab Debbarma:** Congratulations on the excellent performance. My first question is on the presales. I won't be asking guidance. But sir, just wondering, would you consider holding back some launches once you cross, say, INR25,000 crores, INR26,000 crores increases and roll these new launches over to the next year?
- Management:** No, I think that will not be really necessary. See we believe in churning cash flows. And when the market is good, we would also like to see that the product comes in. And that will also give us the opportunity to do more in the next year and the next year. So it's not -- it's counterproductive for me if I've got the approval, if I've got all of it, not to launch.
- If I believe market is not good, then we have to wait and watch. But today, the market is good, everything is going well. So why not -- why hold back? I don't think we'll ever -- we never held back. And here also, we won't hold back.
- Biplab Debbarma:** Okay. That's great to know. And sir, just that you have a capex to be incurred of around INR14,000 crores in commercial and retail. And I'm just wondering how to see it because in the event of a slowdown in the residential cycle, which doesn't look likely, but suppose it happens, how would this impact your capex spends? I mean, how do you intend to fund this INR14,000 crores over the next three, four years? And what kind of pressure it would have on your balance sheet? So just if you could give us...
- Management:** Wherever capex projects we are handling, we've done financial closures across the board. So I don't see any sort of, what's called, pressure on us. But -- and our overall thought process is to get these projects ready, lease them out and finally do a REIT for both residential -- sorry, retail as for office.
- So I think it will be churn. Like even a hospitality IPO is on the annual. So that -- even the hospitality will go off into a separate company, will have its own separate balance sheet. So there's a proper plan for all this. And then finally, what will be left over will be the residential component, and that will be churning all the time. And if there is a slowdown in the residential, obviously, we'll have to also play it that way.
- Biplab Debbarma:** So sir, in the near term, then where do you see -- till this REIT happens or till the big projects come for leasing operation, where do you see, say, next two, three years, this net debt? Because it continues to go up. I know debt equity ratio is at a comfortable level. Still, net debt going up. So where do you see net debt can go up in the next, say, 2 years or so?
- Management:** Amit, do you want to answer that?
- Amit Mor:** Biplab, currently, our net debt is at 0.45. And I think so it will remain within 0.5 levels because in the next couple of quarters, I think so, we will get our hospitality IPO done. And once that is done, as per the BRS what we have filed, the debt will be retired. So I would say, in the next two, three years, the debt levels will be within 0.5 levels.
- Biplab Debbarma:** In maximum terms?

- Amit Mor:** In maximum terms, we have not guided anything, but it should be around -- net debt should be less than INR12,000 crores -- around INR7,300
- Management:** I'm quite positive on this. There's no sort of scare there.
- Biplab Debbarma:** All the best. I'm sure you will cross INR30,000 crores in presales in this financial year.
- Management:** I don't know, pray for it..
- Moderator:** The next question is from the line of Pritesh Sheth from Axis Capital.
- Pritesh Sheth:** Just a couple of questions on the residential side. So we already have acquired INR33,000 crores of GDV this year, and it's all sitting in the land bank right now. How much time it will take for us to bring that into the upcoming or forthcoming pipeline?
- And apart from this 250 acres, there is another 750 acres of land sitting in our balance sheet since quite some time. By what time -- by when can we start launching these projects? Just trying to get clarity on our pipeline beyond INR57,000 crores, which you have already disclosed as the upcoming pipeline.
- Management:** Yes. So I think I'll break up your question into three parts. One aspect is you spoke about the GDV of upcoming launches. Then you spoke about the land bank, when is that going to turn into projects? And the other one is the recent GDV of new acquisitions.
- So I think each -- I think it's on a case-by-case basis because it's multiple projects. But our whole intent is to convert them into projects as soon as possible. Each of them are in various stages. And we'll bring these quarter-on-quarter. I think some will shift into upcoming. Upcoming will become ongoing, and the land bank will become upcoming.
- So I think within a period of 12 to 18 months, you'll see a lot of changes in the land bank, especially. And of course, the upcoming launches, that will reduce by quite a lot because right now, if you see Mr. Razack has already mentioned, outlined that Evergreen, Eaton Park, Marigold, Fernvale, Rock Cliff, all will get launched.
- Of course, we have Goa project, which is Prestige Sea Scapes, which is already highlighted, should get launched, if not this quarter, the next quarter. Garden Trails in Mumbai has already been launched very recently, which is the current quarter.
- So these upcoming launches will shrink, and you will have new project coming in from the land bank and the new acquisition. So it's a continuous process. Tellapur also, which is highlighted in the GDV of new acquisitions, this also Mr. Razack spoke about. This is a project called Prestige Golden Grove, and this will also be launched in this over the next quarter.
- Management:** So it's all work in progress.
- Pritesh Sheth:** Got it. Just to simply put it, I mean, whatever we have acquired at least this year, monetizable within a year or so or some might take a little longer?

- Management:** The target is to do it within 12 months.
- Pritesh Sheth:** Okay. That's helpful. And second on the...
- Management:** As far as we are concerned as a company, we like to turn land, which is raw material into projects as quickly as possible. We don't like to sit on it. If I'm sitting on land, there will be some trouble in that land or there will be some litigation on that land, which I need to sort out.
- But if it's clean and clear, the churn becomes almost immediately. So there's no sort of lag from the time we buy a land to bring it to the market. It's only a question of doing the design and then go into approvals.
- Pritesh Sheth:** Got it. Got it. And second, on the residential margins, I think I noted like since last 5, 6 quarters, our residential margins are ranging at 25% to 30% on the reported basis. We had earlier guided for around 23% to 25%. Is there upside risk to that guidance or is it just the timing issue of certain high-margin projects getting recognized now and hence, it's looking temporarily higher and this might not be the trend going ahead?
- Zayd Noaman:** So, going ahead also, Pritesh, our margins, because earlier the margins were a little subdued because we were incurring all the corporate overhead in the P&L. But because of completed contract, the revenues were not flowing in.
- Now especially this financial year, the revenues have started flowing in for projects what we have launched in '22. So you will see a margin what we have declared to continue in the future as well. So on a sustainable basis, I would say 28% to 30% you can expect margins on the residential segment.
- Pritesh Sheth:** Perfect. That's pretty helpful. That's it from my side and all the best.
- Zayd Noaman:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.
- Kunal Lakhan:** Yes, hi. Good evening. Thanks for taking my question. Irfan sir, I just wanted to understand like, you know, if the impact of, say, these global layoffs or announcements trickling down on, say, our core markets like Bangalore and also maybe Hyderabad, both in terms of, say, leasing inquiries for office space or demand for that matter as well as on the residential side, footfalls and inquiry. Have you seen any change in the trend in the leasing in the recent months or recent quarters?
- Management:** In fact, on the other side, things are still pretty robust, even including leasing. Now for instance, our Prestige Sky Tech in the financial district, which is a 2.3 million square foot asset, now that's almost fully leased. We've got about 300,000 or less than 300,000 square feet left over to lease. So and that -- even that, there's a line of sight for leasing the balance also.
- So, I mean, people said there was oversupply. But I think a good asset, good location somehow gets taken up. So it's -- we have to wait and watch. But I think as of today, there's nothing for us

to really get concerned about or bother about at the moment. On ground, things seem to be quite good.

Kunal Lakhan:

Sure. But would you say that for the industry also or just for your assets?

Management:

See, if the industry is doing well, we do well. It's just not that we are only doing well and the industry will not do well. That's not the way. It is okay, if the industry does well, we do better because we have a slightly cutting edge over the others. But then we hope and pray that the atmosphere is good and the economy is good and things are robust. That's the only way. We have to hope for the best for everybody.

Kunal Lakhan:

Sure. Thanks. And my second question is on the unrecognized revenue of, say, INR60,000 crores odd. What are the gross margins or EBITDA margins that we expect to clock?

Zayd Noaman:

That's what I was mentioning that it would be in the range of 28% to 30% of whatever unrecognized revenue, we should have a margin.

Kunal Lakhan:

Okay. 28% on the -- roughly about like 30% of this should come as EBITDA in our P&L in the next 2 to 3 years?

Zayd Noaman:

60 will be over a period of 4 to 5 years.

Kunal Lakhan:

4 to 5?

Zayd Noaman:

Yes, yes.

Kunal Lakhan:

Understood. All right. Thank you so much.

Moderator:

Thank you. The next question is from the line of Yash Gupta from Asit Kotecha Family. Please go ahead.

Yash Gupta:

Good afternoon, sir. Sir, in the Q1 con call, we have discussed the revenue recognition will be around INR15,000 crores to INR16,000 crores from the residential side of the business on the completion project basis. So, what's our current expectation from the H2?

Zayd Noaman:

In H2, we have some major completion, especially in TPC Sarjapur. So you would see a pickup happening. Already we have reported INR5,000 crores in the first half on the residential segment. And in the second half, it should be better. I think, so for the entire financial year, should be around INR11,000 to INR12,000 crores, which is what the thesis we did in FY '22.

Yash Gupta:

So any particular reason for like INR15,000 crores to INR16,000 crores or we should look at from the point of view of whatever presales we have done 4 years ago, that will be the revenue recognition?

Zayd Noaman:

It will be broadly what we did 4 years back, should be the revenue recognition currently. Plus, only difference will be plotted development. Wherever we have plotted development, we can say that the revenue recognition for that will happen.

- Management:** Then the thing is we have about INR60,000 crores worth of unrecognized revenue in the books. Unless we revert back to the percentage completion method, this INR60,000 crores will get recognized only when the product gets ready.
- Yash Gupta:** Sir, my next question was the same, like some of the listed companies in India are doing -- like they are going back to this partial revenue recognition method. So any thoughts on that?
- Management:** No. See, it all depends on the auditors because it's a question of -- they say in Maharashtra RERA, the RERA doesn't allow a customer to cancel. So they say if you were doing work on Maharashtra, they would have reverted back to the percentage completion method and you are doing some work in Maharashtra, some work in all other states.
- So they -- in fact, they recommended that we sensitize our states also to amend it based on the Maharashtra because the Maharashtra RERA is based on the Central Act. Let's say, in our Karnataka, there is a flaw that allows the customer to walk out if he wishes to. Whereas in the Maharashtra RERA, the customer is not allowed to walk out.
- Once he gets into the contract, he have to go through with it fully. So it's a question of how you view it. But in fact, the auditors have even said in case, believe that you've got a lot of numbers coming in from Maharashtra, we will do 2 sets of accounting, but that's too confusing. So we'll wait and watch. Let's see how it goes.
- Yash Gupta:** And sir, how is the demand going? How is the luxury demand going? And a lot of the project we have added in Q1 and Q2, much like from the mid segment, so what's your view on the demand side from the mid segment or the luxury?
- Management:** Demand so far for all segments is good. Now the question is how long will this demand sustain? How long will -- how much more of these sort of high-priced product will have to sort of demand. It needs to be seen because according to me, we -- I believe that the high-priced luxury product, which is above that INR50 crores, INR75 crores, there's only one small amount of people that can afford it. So let us see. I mean I wouldn't like to go too much on that huge luxury side. But then wherever there is a demand, we'll take it as it comes. So far, we've been very successful. And so far, we are very happy that we've been able to do it.
- Yash Gupta:** Okay. Sir, last question. On the Slide #26, GDV of the new acquisition is only including residential projects. And any further detail on this business day number?
- Management:** Actually, we all forgot about business day. If business day does come in, that will be a fully for sale commercial, but that will happen in the last quarter, I presume.
- Yash Gupta:** But which project? Can you just throw some light on that?
- Management:** That's in Bandra. That's called the LIG and that is offices for sale and that is probably one of the office buildings which the company would like to sell and not keep it for REIT. And that also will give us a fairly decent revenue, but that's kept for the last quarter of the year.
- Yash Gupta:** And it's a partner with someone or it's our outlet towers?

- Management:** Sir, it's a redevelopment project. It's called LIG Housing. I have to do some redevelopment housing. So after we do the redevelopment of the housing, our share, the for sale area, instead of doing residential again and flooding the market, we are doing the offices, Gala that you call it, for sale because it's just next to the High Court, that new High Court that's going to get built, where the government has already got the plans, everything done. And I believe there's a huge potential for that.
- Moderator:** The next question is from the line of Shubham Dhasmana from Asit Koticha Family Office.
- Shubham Dhasmana:** How much revenue have you got from Aspen Green and Avalon Park in Bangalore?
- Management:** How much revenue we have locked in from Avalon Bangalore?
- Shubham Dhasmana:** On Aspen Green for Q2 FY '26?
- Management:** Amit?
- Amit Mor:** We have -- for the entire half year we have recognized the revenue close to INR1,000 crores for Avalon Park as well as Aspen Green.
- Shubham Dhasmana:** Okay.
- Moderator:** As that was the last question for the day, I would now hand the conference over to the management for the closing comments. Over to you, sir.
- Management:** Thank you, everybody for most insightful and most participative interaction. We've got a lot of good questions. I hope we've answered them all. However, Zayd, Amit, Khizra and Naik are available any time to clarify any further doubts that are there. The company is -- and the team is all committed to outperform themselves and they'll keep doing things which will obviously protect the cash flows as well as the bottom line of the company as we go along.
- Moderator:** Thank you. On behalf of Axis Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.